

Teachers' Fund for Retirement Board

Program Manual

North Dakota Retirement and Investment Office

1930 Burnt Boat Drive
P.O. Box 7100
Bismarck ND 58507-7100

Telephone: 701-328-9885
Toll free: 1-800-952-2970
Fax: 701-328-9897
www.nd.gov/rio
rio@nd.us

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A. Introduction

The Retirement and Investment Office (RIO) has been established under the laws of the state of North Dakota. The governing body of the office is the State Investment Board (SIB) which has the authority to establish an office and retain appropriate staff to administer the retirement and investment programs.

As the administrative agency, RIO is charged with providing and coordinating the administrative activities of the SIB and Teachers' Fund for Retirement (TFFR) Board. The Executive Director - Chief Investment Officer, employed by the SIB, is responsible for RIO operations and administering the investment program. The Deputy Executive Director - Retirement Officer is responsible for assisting the Executive Director and administering the retirement program of the TFFR Board.

The policy administration of the retirement program is the responsibility of the TFFR Board. Authority for that responsibility is contained in state law. Members of the TFFR Board serve on the SIB on behalf of the TFFR membership.

This manual contains state statutes, administrative code, and other materials that will be a resource to the TFFR board members in policy administration of the retirement program.

TFFR Board

2008 - 2009 Assignments

Officers of the board

- ☐ President Mike Gessner
- ☐ Vice President Lowell Latimer

Board members serving on the SIB

- ☐ Mike Gessner
- ☐ Robert Toso
- ☐ Clarence Corneil
- ☐ State Treasurer Schmidt

SIB Audit Committee

- ☐ Mike Gessner

SIB alternate

- ☐ Superintendent Sanstead

Board members serving on the TFFR Benefits/Services Committee

- ☐ Superintendent Sanstead
- ☐ Kim Franz
- ☐ Lowell Latimer

TFFR Board Members

2008-09

Active Members

Robert B Toso
Superintendent
Jamestown Public School
PO Box 269
Jamestown ND 58401-0269
(w) 701-252-1950
Robert.toso@sendit.nodak.edu
Fax: 701-251-2011
(h) 720 6th Ave SE
Jamestown ND 58401-4853
(h) 701-252-5027 (c) 701-320-9363
Term expires: 06/30/2010

Kim Franz
4604 Lewis Rd NW
Mandan ND 58554-1375
(w) 701-663-7514 (h) 701-663-5007
Kim.Franz@msd1.org
Term expires: 06/30/2009

Michael Gessner
4871 46th Ave NE
Minot ND 58703-4912
(w) 701-857-4547 (h) 701-838-8533
Michael.Gessner@sendit.nodak.edu
Term expires: 06/30/2011

Retired Members

Clarence Corneil
940 Alder Ave
Dickinson ND 58601-6222
(w) 701-623-4339 (h) 701-225-8518
(winter) Golden Vista Resort
3710 S Goldfield Rd Lot 776
Apache Junction AZ 85219-6632
Phone & fax: 480-671-2776
janiga@pop.ctctel.com
Term expires: 06/30/2012

Lowell Latimer
15 22nd St SW
Minot ND 58701-3343
(w) 701-857-4555 (h) 701-852-2400
latimer@minot.com
Fax 701-857-4405
Term expires: 06/30/2013

State Officials

Wayne G Sanstead
State Superintendent
(Lynette 328-4572 scheduling)
Department of Public Instruction
600 East Boulevard
Bismarck ND 58505-0440
(w) 701-328-4570 (h) 701-255-6509
wsanstead@nd.gov
Fax: 701-328-2461
Term expires: 12/31/08

Kelly Schmidt
State Treasurer
State of North Dakota
600 East Boulevard
Bismarck ND 58505-0600
(w) 701-328-2643 (h) 701-663-6398
klschmidt@nd.gov
Fax: 701-328-3002
Term expires: 12/31/08

Interest Groups

Doug Johnson
Executive Director
ND Council of Educational Leaders
121 E Rosser Ave
Bismarck ND 58501-3864
(w) 701-258-3022 (f) 701-258-9826
doug.johnson@ndcel.org

Dakota Draper
President
ND Education Association
PO Box 5005
Bismarck ND 58502-5005
(w) 701-223-0450 (f) 701-224-8535
dakota.draper@ndea.org

Jon Martinson
Executive Director
ND School Boards Association
PO Box 2276
Bismarck ND 58502-2276
(w) 701-255-4127 (f) 701-258-7992
jon.martinson@ndsba.org

Ken Tupa
Executive Director
ND Retired Teachers Association
PO Box 447
Bismarck ND 58502-0447
(w) 701-221-7766 (f) 701-224-9824
ktupa@aptnd.com

Janet Welk
Executive Director
Education Standards & Practices Board
2718 Gateway Ave Ste 303
Bismarck ND 58503-0585
(w) 701-328-9646 (f) 701-328-9647
jwelk@nd.gov

Greg Burns
Executive Director
ND Education Association
PO Box 5005
Bismarck ND 58502-5005
(w) 701-223-0450 (f) 701-224-8535
greg.burns@ndea.org

Legal Counsel

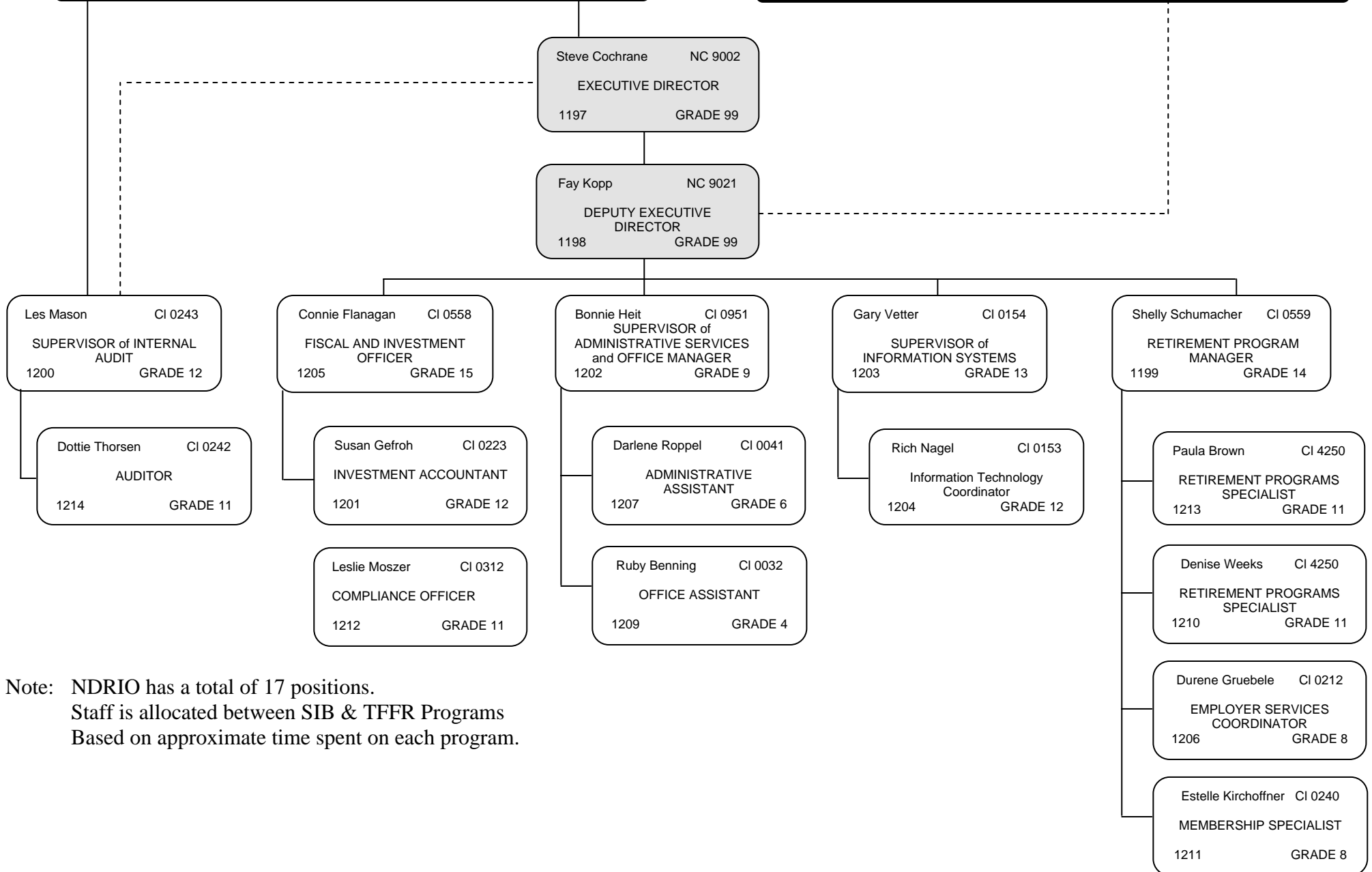
Aaron Webb
Attorney General's Office
600 E Boulevard Ave Dept 125
Bismarck ND 58505-0602
(w) 701-328-3148 (f) 701-328-2226
awebb@nd.gov

ND Retirement and Investment Office (RIO) Agency Organizational Chart

12/08

ND State Investment Board

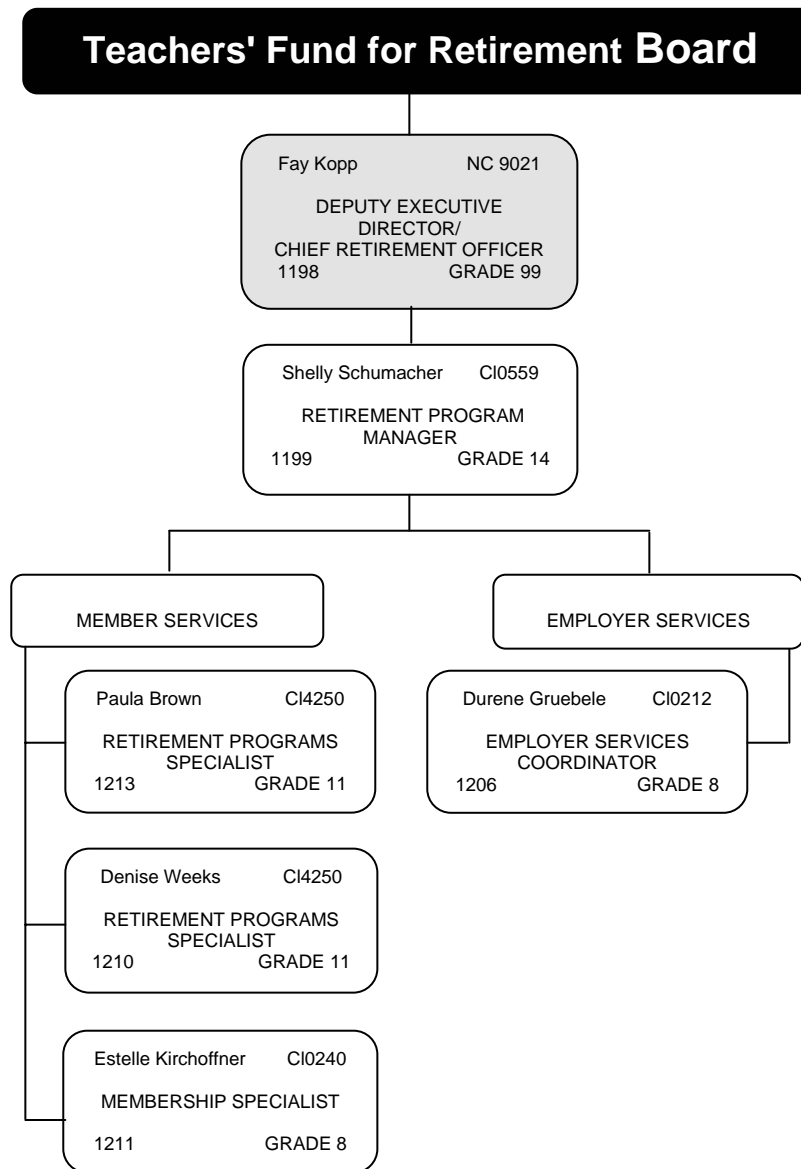
ND Teachers' Fund for Retirement Board



Note: NDRIO has a total of 17 positions.
Staff is allocated between SIB & TFFR Programs
Based on approximate time spent on each program.

ND Teachers' Fund for Retirement (TFFR) Program Organizational Chart

12/08



Note: 12.35 FTEs are currently allocated to the TFFR program. Program organizational chart includes those positions with 75% or more of time directly allocated to retirement program. Chart does not include staff from administrative service, internal audit, and information technology.

ND State Investment Board (SIB) Program Organizational Chart

State Investment Board

Steve Cochrane NC 9002
EXECUTIVE DIRECTOR/
CHIEF INVESTMENT OFFICER
1197 GRADE 99

Connie Flanagan CI558
FISCAL AND INVESTMENT
OFFICER
1205 GRADE 15

Susan Gefroh CI0223
INVESTMENT ACCOUNTANT
1201 GRADE 12

Leslie Moszer CI0312
COMPLIANCE OFFICER
1212 GRADE 11

Note: 4.65 FTEs are currently allocated to SIB program.
Program organizational chart includes those positions
with 75% or more of time directly allocated to investment
program. Chart does not include staff from administrative
services, internal audit, and information technology.

TFFR Board Calendar and Education Plan 2008-09

JULY 17, 2008

Election of officers
Selection of members to SIB
TFFR Board Accomplishments
Annual TFFR program review
Annual customer satisfaction report
Education: Board responsibilities

AUGUST 2008

No meeting

SEPTEMBER 25, 2008

Annual TFFR investment review
Annual RIO budget report
Annual TFFR ends report
Education:

OCTOBER 2008

No meeting

NOVEMBER 20, 2008

2008 actuarial valuation report
and funding issues – GRS
Annual TFFR program audit report
Education:

DECEMBER 2008

No meeting

JANUARY 22, 2009

2009 legislation
Annual retirement trends report
Annual pension plan comparisons
Education:

FEBRUARY 2009

No meeting

MARCH 26, 2009

2009 legislation
Annual technology review
Education:

APRIL 2009

No meeting

MAY 14, 2009

Develop 2009-10 board calendar
Education:

JUNE 2009

No meeting



ND Retirement and Investment Office

Teachers' Fund for Retirement
State Investment Board

Steve Cochrane, CFA
Executive Director

Fay Kopp
Deputy Executive Director

1930 Burnt Boat Drive
P.O. Box 7100
Bismarck, ND 58507-7100
Telephone 701-328-9885
ND Toll Free 800-952-2970
Relay ND 800-366-6888
FAX 701-328-9897

2008-09 Board Meetings for the Teachers' Fund for Retirement Board State Investment Board

July – 2008

- 17th Teachers' Fund for Retirement Board, State Capitol Fort Union Room, 1:00 p.m.
- 18th State Investment Board, State Capitol Fort Union Room, 8:30 a.m.

August – 2008

- 22nd State Investment Board, State Capitol Fort Union Room, 8:30 a.m.

September – 2008

- 25th Teachers' Fund for Retirement Board, State Capitol Fort Union Room, 1:00 p.m.
- 26th State Investment Board, State Capitol Fort Union Room, 8:30 a.m.
- 26th State Investment Board Audit Committee, State Capitol Fort Union Room, 1:00 p.m.

October – 2008

- 24th State Investment Board, State Capitol Fort Union Room, 8:30 a.m.

November – 2008

- 20th Teachers' Fund for Retirement Board, State Capitol Fort Union Room, 1:00 p.m.
- 21st State Investment Board, State Capitol Fort Union Room, 8:30 a.m.
- 21st State Investment Board Audit Committee, State Capitol Fort Union Room, 1:00 p.m.

December – 2008

No Meetings

January – 2009

- 22nd Teachers' Fund for Retirement Board, Bank of North Dakota, 1:00 p.m.
- 23rd State Investment Board, Bank of North Dakota, 8:30 a.m.

February – 2009

- 27th State Investment Board, Bank of North Dakota, 8:30 a.m.
- 27th State Investment Board Audit Committee, Bank of North Dakota, 1:00 p.m.

March – 2009

- 26th Teachers' Fund for Retirement Board, Bank of North Dakota, 1:00 p.m.
- 27th State Investment Board, Bank of North Dakota, 8:30 a.m.

April – 2009

- 24th State Investment Board, Bank of North Dakota, 8:30 a.m.

May – 2009

- 14th Teachers' Fund for Retirement Board, State Capitol Fort Union Room, 1:00 p.m.
- 15th State Investment Board, State Capitol Fort Union Room, 8:30 a.m.
- 15th State Investment Board Audit Committee, State Capitol Fort Union Room, 1:00 p.m.

June – 2009

- 26th State Investment Board, State Capitol Fort Union Room, 8:30 a.m.

Fiduciary Standards For Pension Plan Trustees

1. Trustees must perform in the interest of plan participants and beneficiaries.
2. Trustees must provide benefits to plan participants and beneficiaries and maintain reasonable administrative expenses.
3. Trustees must act in a prudent manner.
4. Trustees must diversify investments to minimize risk.

If not met, could result in suit and/or loss of tax privilege.

B. Program Ends

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Policy Type: TFFR Ends

Policy Title: Mission

The mission of TFFR, a trust fund, is to advocate for, develop, and administer a comprehensive retirement program for all trust fund members within the resources available.

TFFR Board Adopted: May 25, 1995.

Investment and Funding Goals:

1. Prudently invest assets in a well diversified portfolio to optimize long term returns while controlling risk to the fund.
2. Accumulate sufficient funds to pay all current and future benefit and expense obligations when due.
3. Improve and maintain adequate funding of all promised benefits to ensure the financial integrity of the system.
4. Build a funding cushion to provide for future benefit improvements.

Benefit Goals:

1. Provide 2.0% benefit formula for all current and future retirees.
2. Provide ad hoc retiree benefit adjustments (fixed formula and percent based) for all current and future retirees to maintain purchasing power of retirement benefits and assist with rising health care costs. Benefit adjustments may be considered when Board believes it is prudent based upon actuarial funding measurements including:
 - a. Positive contribution margin
 - b. Amortization of UAAL within GASB 30-year funding period
 - c. Funded ratio of 90% or greater.

Service Goals:

1. Administer accurate, prompt, and efficient pension benefits program.
2. Deliver high quality, friendly service to members and employers
3. Provide educational outreach programs including pre-retirement seminars and individual benefits counseling sessions.

TFFR Board Adopted: May 25, 1995.

Amended: August 29, 1996; March 6, 1998; September 23, 1999; January 25, 2001, September 21, 2006.

TFFR beneficiaries are:

1. Plan Members:

a. Active – all persons who are licensed to teach in North Dakota and who are contractually employed in teaching, supervisory, administrative, or extracurricular services:

- Classroom teachers
- Superintendents, assistant superintendents, county superintendents
- Business managers
- Principals and assistant principals
- Special teachers
- Superintendent of Public Instruction, non-teaching employees of Dept. of Public Instruction and Dept. of Career and Technical Education, unless transferred to North Dakota Public Employees Retirement System (NDPERS)
- Professional or teaching staff of Center for Distance Education, Youth Correctional Center, School for the Blind and School for the Deaf.
- Other persons or positions authorized in state statutes

b. Annuitants – All persons who are collecting a monthly benefit:

- Retirees
- Disabilitants
- Survivors/Beneficiaries

c. Inactive members:

- Vested
- Nonvested

2. Employers:

- a. School districts
- b. State institutions and agencies defined in state statutes
- c. Other TFFR participating employers

TFFR Board Adopted: May 25, 1995.

Amended: July 27, 2000; July 24, 2003, September 20, 2007

Policy Type: TFFR Ends

Policy Title: Membership Data and Contributions

Ensure the security and accuracy of the members' permanent records and the collection of member and employer contributions from every governmental body employing a teacher.

Accordingly, the administrative means will be to:

1. Retain member documents applicable to the retirement program.
2. Safeguard TFFR database files.
3. Protect the confidential information contained in member files.
4. Collect the member and employer contributions from the employers based on retirement salary earned by the member.
5. Monitor the employer reporting process including the timely filing of information, consistency of month-to-month data, and changes in the employer payment of member assessments.
6. Review the individual member data, salary, and service credit for accuracy.
7. Post and validate the data received from the employer to the individual accounts.
8. Mail annual statements to every member.
9. Summarize the teacher data reported and notify the employers of the year-to-date information.
10. Ensure that individuals employed as "teachers" in North Dakota school districts, political subdivisions, and state institutions are reported to TFFR in compliance with the North Dakota Century Code (NDCC).
11. Provide publications and reporting instructions to employers on TFFR.
12. Transfer member and employer contributions to the investment program in a timely manner.

Policy Type: TFFR Ends

Policy Title: Membership Data and Contributions

Monitoring (Method, Responsibility, Frequency)

- Internal Report
 - a. Disclosure of compliance to the board from RIO's internal auditors. The Internal Audit (IA) program is designed to review the districts on a five-year cycle.
 - b. Compliance for individual accounts is monitored through internal audits of staff compliance with state laws, rules, board policy, and procedures.
- External Report
 - a. Disclosure of compliance to the board by RIO's external auditors as a part of the annual audit.
 - b. Disclosure of compliance to members through annual statements.

TFFR Board Adopted: May 25, 1995.

Amended: July 18, 2002, September 20, 2007.

1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS.

The North Dakota Teachers' Fund for Retirement (TFFR) is a pension benefit plan that was established in 1913 to provide retirement income to all public school and certain state teachers and administrators in the state of North Dakota. The plan is administered by a seven member Board of Trustees comprised of five members appointed by the Governor of North Dakota and two elected officials, the State Treasurer and the State Superintendent of Public Instruction.

The pal is a multi-employer defined benefit public pension plan that provides retirement benefits, disability retirement benefits, and survivor benefits, as the case may be, in accordance with Chapter 15-39.1 of the North Dakota Century Code (NDCC). Monthly retirement benefits are based on the formula: Number of Years of service X 2.0% X Final Average Annual Salaries. Adjustments to the basic formula are made depending on the retirement option selected.

Funding is provided by monthly employee and employer contributions. Member contributions are 7.75% of payroll. Employer contributions are 7.75% of payroll until July 1, 2008, when employer contributions increase to 8.25% of payroll. Employer contributions will return to 7.75% when TFFR reaches 90% funded level. ON an annual basis, benefit payouts exceed contributions. The asset/liability study completed in June 2005 indicates that a 1% cash equivalents allocation is expected to provide sufficient liquidity for the next 10 years.

The TFFR Board has an actuarial valuation performed annually. The current actuarial assumed rate of return on assets is 8.0%. Key plan and financial statistics as of the most recent valuation are recorded in the Asset/Liability Model presented in June 2005 by Gabriel, Roeder, Smith and Company (GRS) and on file at the North Dakota Retirement and Investment office (RIO).

2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB).

The TFFR Board is charge by law under NDCC 21-10-02.1 with the responsibility of establishing policies on investment goals and asset allocation of the Fund. The SIB is charged with implementing these policies and asset allocation and investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent institutional investor rule. The fiduciaries shall exercise the judgment and care,

under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The Fund must be invested exclusively for the benefit of the members and their beneficiaries in accordance with this invested policy.

Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish written policies for the operation of the investment program, consistent with this investment policy.

The SIB may delegate investment responsibility to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy and security selection is supervisory not advisory.

At the discretion of the SIB, the Fund's assets may be pooled with other funds. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, keeping, and terminating money managers. SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.

The SIB will implement changes to this policy as promptly as is prudent.

3. INVESTMENT OBJECTIVES

The investment objectives of the plan have been established by the TFFR Board upon consideration of the board's strategic objectives and a comprehensive review of current and projected financial requirements.

Objective #1: Prudently invest assets in a well diversified portfolio to optimize long term returns while controlling risk to the fund.

Objective #2: Accumulate sufficient funds to pay all current and future benefit and expense obligations when due.

Objective #3: Improve and maintain adequate funding of all promised benefits to ensure the financial integrity of the system.

Objective #4: Build a funding cushion to provide for future benefit improvements.

4. STANDARDS OF INVESTMENT PERFORMANCE.

The plan's investment objectives and characteristics give rise to an asset allocation that is considered to have greater than a 50% probability of achieving the results desired. For evaluation purposes, the following performance targets will apply:

- The Fund should produce a rate of return that at least matches that of the policy portfolio.
- The annual standard deviation of total returns for the Fund should not exceed that of the policy portfolio.
- Over 10 year and longer time periods the Fund should match or exceed the expected 8.93% rate of return assumed in the asset/liability study. Expected risk for the period, measured by standard deviation, is 13.52%.

5. POLICY AND GUIDELINES

The asset allocation of the TFFR fund is established by the TFFR Board, with input from consultants and RIO staff. Asset allocation is based upon the asset/liability study completed by Gabriel, Roeder, Smith and Company in June 2005. That study provided an appraisal of current cash flow projections and estimates of the investment returns likely to be achieved by the various asset classes over the next 20 years.

In recognition of the plan's objectives, projected financial status, and capital market expectations, the following is the asset allocation for the Fund:

Domestic Equities – Large Cap	28%
Domestic Equities – Small Cap	10%
International Equities	18%
Emerging Markets Equities	5%
Alternative Investments	5%
Domestic Fixed Income	12%
High Yield Bonds	7%
International Fixed Income	5%
Cash Equivalents	1%
Real Estate	9%

Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy, but not less than annually.

While the SIB is responsible for establishing specific quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that:

- a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
- b. Derivatives use will be monitored to ensure that undue risks are not taken by the money managers
- c. No transaction shall be made which threatens the tax exempt status of the Fund.
- d. All assets will be held in custody by the SIB's master custodian or such other custodians as are acceptable to the SIB.
- e. No unhedged short sales or speculative margin purchases shall be made.
- f. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

For the purpose of this document, Social Investing is defined as *"The investment of commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."*

- g. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

For the purpose of this document economically targeted investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Also, for the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

- 1) The cost does not exceed the fair market value at the time of investment.
- 2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar task
- 3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- 4) The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity are equivalent, the Board's policy favors investments which will have a positive impact on the economy of North Dakota.

6. INTERNAL CONTROLS

A system of internal controls must be in place by the SIB to prevent losses of public funds arising from fraud or employee error. Such controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedure for security transactions and compliance with the investment policy.

7. EVALUATION AND REVIEW

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards. Emphasis will be placed on three and five year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.

Performance reports will be provided to the TFFR Board periodically, but not less than annually. Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including, but not limited to:

- Changes in asset class portfolio structures, tactical approaches and market values;
- All material legal or legislative proceedings affecting the SIB
- Compliance with this investment policy statement.

All major liability assumptions regarding number of participants, compensation, benefit levels, and actuarial assumptions will be subject to review by the TFFR Board at such frequency as that board deems appropriate. Any material changes will be reported to the SIB in writing.

TFFR Board Adopted: May 25, 1995.

Amended: November 30, 1995; August 21, 1997; July 15, 1999; July 27, 2000; September 18, 2003; July 14, 2005; September 21, 2006; September 20, 2007.

Provide direct services and public information to members of TFFR.

Accordingly, the administrative means will be to:

1. Enroll, update, maintain, and certify all member accounts.
2. Respond to member inquiries on the retirement program.
3. Provide statewide benefits counseling services to members through one-on-one sessions.
4. Make group presentations and distribute information at conferences and conventions throughout the state.
5. Coordinate and conduct preretirement and financial planning programs for members on a statewide basis.
6. Certify eligibility for TFFR benefits and purchase of service credit.
7. Calculate and process claims for refund, retirement, disability, survivor, and Qualified Domestic Relations Order (QDRO) benefits, as well as claims for purchasing credit.
8. Permit members to change designated beneficiaries in the event of life occurrences identified in the administrative rules.
9. Close retirement accounts of deceased teachers.
10. Develop and distribute information to the members on the retirement program and related topics through newsletters, annual reports, member handbooks, brochures, and retirement planning guides/workbooks.
11. Maintain a website for TFFR information to provide members with a greater variety of access methods.

Monitoring (Method, Responsibility, Frequency)

- Internal Report
 - a. Disclosure of compliance to the board through internal audits on compliance with laws, rules, and policies.
 - b. Periodic presentations by staff at board meetings.
- External Report
 - a. Receive annual reports from leadership of groups representing the plan's beneficiaries.
 - b. RIO's annual audit by independent auditor.
 - c. Written and oral communication with board members from teachers regarding payment and processing of benefit claims.

TFFR Board Adopted: May 25, 1995.

Amended: July 27, 2000; July 24, 2003; September 20, 2007.

Ensure the payment of claims to members of TFFR.

Accordingly, the administrative means will be to:

1. Pay retirement benefits based on a presumed final salary for members retiring upon completion of their teaching contract and whose final salary has not been reported to TFFR.
2. Allow teachers receiving an annuity from TFFR to have payroll deductions subtracted from their monthly benefit, including, but not limited to: health, life, and other insurance premiums payable to NDPERS, North Dakota Retired Teachers Association (NDRTA) dues, North Dakota Education Association (NDEA) Retired dues, and federal and North Dakota income tax withholdings.
3. Distribute payments for benefit claims (annuities, PLSOs, refunds, and rollovers) once per month. Distributions including payments made by Electronic Funds Transfer (EFT) will be mailed on the last working day of the previous month payable on the first working day of each month.
4. Distribute special payments for benefit claims in the event of unforeseen circumstances (i.e. death, QDRO, Court Order).
5. Send new account notices and account change notices to retired members.

Monitoring (Method, Responsibility, Frequency)

- Internal Report
 - Disclosure of compliance to the board through internal audits on compliance with laws, rules, and policies.
 - Periodic presentations by staff at board meetings.
- External Report
 - Disclosure of compliance to the board through annual audit by RIO auditors.

TFFR Board Adopted: May 25, 1995.

Amended: July 27, 2000; July 24, 2003.

Policy Type: TFFR Ends

Policy Title: Trust Fund Evaluation/Monitoring

Ensure actuarial consulting and accounting services are provided to the retirement program. The TFFR Board of Trustees will select the independent actuary for consulting and actuarial purposes and direct a contract be executed by the Deputy Executive Director.

Accordingly, the administrative means will be to:

1. Have an annual actuarial valuation (July 1 to June 30) reviewed or performed on the retirement program.
2. Have an actuarial review of TFFR's actuarial valuation performed at least every ten years by an independent actuary.
3. Have an actuarial experience study performed on TFFR every five years.
4. Have an asset liability modeling study performed on TFFR every five years.
5. Prepare financial statements in accordance with generally accepted accounting principles for defined benefit public pension plans.
6. Have an audit conducted annually in accordance with generally accepted auditing standards (as established by the AICPA) by an independent auditor.
7. Receive an unqualified opinion by the independent auditor regarding the audited financial statements.
8. Perform internal audits on the retirement program which provide the board with reasonable assurance that TFFR is being administered in compliance with federal and state laws, administrative rules, board policy, and established procedures.

Monitoring (Method, Responsibility, Frequency)

- Internal Report
 - Disclosure of compliance to the board through periodic presentations by staff at Board meetings.
- External Report
 - Disclosure of compliance to the Board through annual audit and actuarial reports.

TFFR Board Adopted: May 25, 1995.

Amended: July 27, 2000.

Plan Characteristics

The Teachers' Fund for Retirement (TFFR) was established in 1913 to provide retirement income to public educators. TFFR is a qualified defined benefit public pension plan covered under Section 401(a) of the Internal Revenue Code (IRC). The NDCC Chapter 15-39.1 contains the actual language governing the Fund and is supplemented by Title 82 of the North Dakota Administrative Code (NDAC).

The responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two classroom teachers or guidance counselors, a school administrator, and two retired members.

The TFFR benefits program is administered through the Retirement and Investment Office (RIO) according to this Statement of Retirement Policy.

TFFR's funds are invested under the direction of the State Investment Board (SIB) following the "Prudent Investor Rule." The investments must be invested exclusively for the benefit of the TFFR members. Four of the TFFR Board members serve as voting members on the 11-member SIB.

TFFR Board Adopted: May 25, 1995.

Amended: July 1, 1997.

Teachers' Fund for Retirement Responsibilities

1. Establish policies for the administration of the TFFR programs.
2. Submit legislation, monitor the statutory responsibilities of the TFFR programs as outlined in the NDCC, and promulgate Administrative Rules.
3. Establish and monitor actuarial assumptions used to value the retirement plan and to conduct periodic valuations.
4. Establish and monitor retirement benefit and service program goals.
5. Establish and monitor policy for investment goals, objectives, and asset allocation for the Fund.
6. Communicate and monitor program expectations with the SIB.

TFFR Board Adopted: May 25, 1995.

SIB Responsibilities

To provide the staff and resources to carry out the ***Ends*** of the retirement program through RIO.

TFFR Board Adopted: May 25, 1995.

C. Program Policies

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It shall be the policy of the TFFR Board of Trustees that the division of the benefit improvements (as measured by margin used) between active and retired members is approximately proportional to the number of members in each group. This requirement will be considered to be met if the fractions F and F' defined below are within five (5.0) percentage points of one another.

F is equal to (i) the margin spent on retiree improvements, divided by (ii) the total margin spent.

F' is equal to (i) the number of retirees, divided by (ii) the total number of members.

For purposes of this policy, retired members will include all members currently receiving benefits, including service retirees, disabled retirees, and beneficiaries receiving benefits; vested inactive members will be included with active members; and the total number of members will include retirees, active members, and vested inactive members, but will exclude nonvested inactive members. The membership statistics used for this purpose will be those from the most recently completed actuarial valuation.

TFFR Board Adopted: May 30, 1996.

It shall be the policy of the TFFR Board of Trustees that an actuarial valuation of the fund be performed or reviewed by an independent actuary on an annual basis.

The annual actuarial valuation report must include the following certifications:

1. The valuation must be performed by an independent actuary who is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems.
2. The valuation must be prepared in accordance with principles of practice prescribed by the Actuarial Standards Board.
3. The calculations must be performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the system.

Furthermore, an actuarial review of the system's actuarial valuation is to be performed at least every tenth year. The review is to include an evaluation by an independent actuary, other than the one who performs the plan's actuarial valuation, for the purpose of expressing an opinion on the reasonableness or accuracy of the actuarial assumptions, actuarial cost methods, valuation results, contribution rates, and certifications as described above.

An actuarial experience study must be performed at least every five years. The experience study is to include mortality, retirement, employment turnover, and other necessary items required by the board.

An asset-liability study must also be performed at least every five years, or more frequently as determined by the board. The asset-liability study will project the active and retired membership over a specific time-horizon and under various asset allocations.

TFFR Board Adopted: February 24, 1994.

Amended: July 16, 1998.

Policy Type: TFFR
Program

Policy Title: Board Agenda

It shall be the policy of the TFFR Board of Trustees that any individual or organization who desires to appear on the agenda of a scheduled meeting should notify the Deputy Executive Director/Retirement Officer in writing at the administrative office ten working days prior to the meeting date. Subject to approval by the Board President, the individual will be placed on a board meeting agenda.

TFFR Board Adopted: March 27, 1977.

Amended: July 16, 1998; November 18, 1999, September 25, 2008.

Policy Type: TFFR
Program

Policy Title: Board Meetings

It shall be the policy of the TFFR Board of Trustees to conduct six board meetings each year. Meetings will be scheduled for the day preceding the SIB meetings beginning in July of each year.

Special board meetings may be called in accordance with NDCC 15-39.1-06.

TFFR Board Adopted: May 27, 1993.

Amended: July 16, 1998.

The following shall be the Code of Ethical Responsibility for the TFFR Board of Trustees:

1. Board members owe a duty to conduct themselves so as to inspire the confidence, respect, and trust of the TFFR members and to strive to avoid not only professional impropriety, but also the appearance of impropriety.
2. Board members shall perform the duties of their offices impartially and diligently. Board members are expected to fulfill their responsibilities in accord with the intent of all applicable laws and to refrain from any form of dishonest or unethical conduct. Board members shall be unswayed by partisan interest, public sentiment, or fear of criticism.
3. Conflicts of interest and the appearance of impropriety shall be avoided by Board members. Board members shall not allow their family, social, professional, or other relationships to influence their judgment in discharging their responsibilities. Board members shall refrain from financial and business dealings that tend to reflect adversely on their impartiality or interfere with the proper performance of their duties. If a conflict of interest unavoidably arises, the board member shall immediately disclose the conflict to the Board. Conflicts of interest to be avoided include, but are not limited to: receiving consideration for advice given to a person concerning any matter over which the board member has any direct or indirect control, acting as an agent or attorney for a person in a transaction involving the board, and participation in any transaction for which the board member has acquired information unavailable to the general public, through participation on the board.

"Conflict of Interest" means a situation in which a board member has a direct and substantial personal or financial interest in a matter which also involves the member's fiduciary responsibility.

4. The Board shall not unnecessarily retain consultants. The hiring of consultants shall be based on merit, avoiding nepotism and preference based upon considerations other than merit that may occur for any reason, including prior working relationships. The compensation of such consultants shall not exceed the fair value of services rendered.
5. Board members shall abide by NDCC 21-10-09, which reads: "No member, officer, again, or employee of the state investment board shall profit in any manner from transactions on behalf of the funds. Any person violating any of the provisions of this section shall be guilty of a class A misdemeanor."

6. Board members shall perform their respective duties in a manner that satisfies their fiduciary responsibilities.
7. Political contributions are regulated under NDCC 16.1-08-03 and are not restricted under this ethics policy.
8. All activities and transactions performed on behalf of the public pension funds must be for the exclusive purpose of providing benefits to plan participants and defraying reasonable expenses of administering the plan.
9. Prohibited transactions. Prohibited transactions are those involving self-dealing. Self-dealing refers to the fiduciary's use of plan assets or material, non-public information for personal gain; engaging in transactions on behalf of parties whose interests are adverse to the plan; or receiving personal consideration in connection with any planned transaction.
10. Violation of these rules shall result in an official reprimand from the TFFR Board. No reprimand shall be issued until the board member has had the opportunity to be heard by the Board.

TFFR Board Adopted: September 15, 2005.

Policy Type: TFFR
Program

Policy Title: Deductions from Annuity Checks

It shall be the policy of the TFFR Board of Trustees to allow teachers and beneficiaries drawing retirement benefits to have payroll deductions subtracted from their monthly payments.

To initiate, change, or stop a deduction, the retiree must notify the administrative office in writing at least ten working days prior to the date the monthly benefit is issued. All deductions withheld will be forwarded to the appropriate entity within three working days after the first of the month or as required by federal/North Dakota state law. Authorization forms are to be kept on file at the administrative office.

The following deductions are available to teachers and beneficiaries receiving monthly annuity benefits:

- Health, life, and other insurance premiums payable to the NDPERS.
- Annual dues payable to the NDRTA and the NDEA Retired organization.
- Federal and North Dakota income tax withholdings.
- Court ordered payments including child support orders, Qualified Domestic Relations Orders (QDRO), IRS tax levies, federal garnishments, and other court ordered payments, subject to approval by the Attorney General's office.

Additional deductions may be added upon approval by the board.

TFFR Board Adopted: May 27, 1993.

Amended: July 16, 1998; March 23, 2000, September 25, 2008.

Policy Type: TFFR
Program

Policy Title: Disclosure to Membership

It shall be the policy of the TFFR Board of Trustees that member handbooks, member statements, and annual financial reports are provided for TFFR members.

- Member Handbooks (Summary Plan Descriptions)

Employers are required to submit enrollment forms for all new members upon employment. All new members will be mailed a current member handbook to their home address within six months of their commencement of participation in TFFR. The handbook will include information about membership, contribution rates, service credit, benefit provisions for service retirement, disability retirement, and survivor benefits, eligibility for those benefits, and how to make application.

All members will be mailed notification that the member handbook is available on the RIO website within six months after adoption of any significant legislative changes made to the plan.

- Member Statements

All active and inactive members will be mailed a statement to their home within six months of fiscal year end reporting the status of their member account as of June 30 of the current year. The information to be reported annually will include: member's name, address, personal identification number, date of birth, beneficiary on file, value of account, retirement salary reported for current year, service credit earned during the current year, accumulated service credit, date of eligibility for unreduced benefits, retirement benefit estimate, and other information pertinent to the teacher's account.

All retired members and beneficiaries receiving monthly benefits will be mailed a statement to their home annually. The information will include: retired member's name, address, personal identification number, beneficiary on file, value of account, accumulated service credit, retirement date, retirement option, benefits received life-to-date, current monthly benefit, and adjustments to benefit (if applicable).

- Annual Financial Report

An annual financial report will be published within six months following every fiscal year end. The report will include financial, actuarial, and investment information about the plan. It will be available on the RIO website, and can be provided to any TFFR member, benefit recipient, or the public upon request.

TFFR Board Adopted: July 16, 1998.

Amended: July 18, 2002; September 20, 2007.

The TFFR board has developed three basic models relating to employer payment of member contributions. Models 1, 2, and 3 are outlined in employer instructions prepared by the fund. Special provisions apply to state agencies, college teachers grandfathered in under old laws, counties, and employers that have not adopted a model.

Employers must select the employer payment plan model under which they will pay member assessments on a form provided by the administrative office. The model selected by the employer can only be changed once each year at the beginning of the fiscal year.

Effective July 1, 2003, employers may no longer select Model 3. Any employers currently paying member contributions under this model may continue as a closed group, but Model 3 will no longer be available to other employers.

TFFR Board Adopted: July 16, 1998.
Amended: March 13, 2003.

Policy Type: TFFR
Program

Policy Title: Employer Payment Plan Models –
State Agencies and Institutions

NDCC 15-39.1-09 allows TFFR participating employers to pay all or a portion of member contributions in lieu of a salary increase or under a salary reduction plan.

Special provisions apply for state agencies and institutions. The State does not allow retirement salaries to be grossed up; the State pays 4.00% of the member contributions in lieu of a salary increase, and the remaining 3.75% is deducted from salary.

It is the policy of the TFFR Board to allow the portion of the member contributions deducted from the salary of a TFFR member employed by a state agency or institution to be made on a tax deferred basis.

TFFR Board Adopted: March 15, 2007.

It shall be the policy of the TFFR Board of Trustees that when an unintentional error in the reporting of retirement contributions by a school district is discovered during an audit or other review, the following policy shall be in effect:

- The school district will be billed for all material shortages due plus interest or refunded for all material overpayments.
- The interest charged or paid to the school district shall be the actuarial assumption for earnings of the trust.
- The time period shall be from the onset of the error or three years prior to the beginning of the current school year.
- Failure of the school district to pay the required shortages or provide required information will constitute "failure to make required reports and payments" and require application of section 15-39.1-23, NDCC.
- The TFFR board reserves the right to negotiate with a school district in special situations.

If, as the result of an audit or other review, the participating employer is found not to be in compliance with NDCC 15-39.1:

- The employer must respond in writing to the audit finding(s) and/or recommendation(s) within 30 days of the report.
- NDRIO will conduct a follow-up review of the audit finding(s) and/or recommendation(s) one year following the date of the report

TFFR Board Adopted: February 22, 1996.

Amended: July 16, 1998; January 24, 2002; April 15, 2004; July 14, 2005; September 20, 2007.

It shall be the policy of the TFFR Board of Trustees to require all employer units to report the collection and payment of member and employer contributions on a monthly basis to the RIO. Both payment and report must be postmarked or sent via the internet by the 15th day of the month following the end of the reporting period. Employer reports must be in a format approved by the TFFR board and may be submitted in one of the following ways: 1) manual – paper reports, 2) electronically – diskettes, 3) internet.

The administrative office will monitor late TFFR reports and payments by employers. Employers that do not meet the established deadlines for filing required reports shall be assessed a civil penalty as required in NDCC 15-39.1-23 unless the Deputy Executive Director/Retirement Officer approves a request for a waiver of the penalty under special circumstances such as:

- Death, surgery, or illness of the individual responsible for TFFR reports or their family.
- “Acts of God” that require an employer to close school such as blizzards, storms, or floods.
- Unforeseen events such as resignation of the individual responsible for TFFR reports, computer malfunction, etc.

The request for a waiver must be in writing and signed by the administrator.

In all late situations, member and employer contributions will be collected from the employer at the earliest date possible. Employers cooperating with TFFR to resolve the late filing of a report shall not have their state apportionment money (foundation payments) withheld, but will be assessed interest as required in NDCC 15-39.1-23.

TFFR Board Adopted: August 29, 1996.

Amended: July 16, 1998; November 18, 1999; March 22, 2001; September 20, 2007.

It shall be the policy of the TFFR Board of Trustees that employees of a Head Start Program (which is not a U.S. Department of Education Program) who are certified to teach and contracted with a school district or other participating employer, are members of TFFR if the following conditions are met:

- Grantee agency for the Head Start Program is the school district which is governed by the local school board.
- Head Start Program employees are on the school district teaching or administrative faculty in positions such as coordinator, director, teacher, or home visitor.
- Head Start Program employees are on the school district salary schedule and negotiate for salary and benefits like other school district teaching faculty.

TFFR Board Adopted: November 20, 1997.

It is the policy of the TFFR Board of Trustees to allow member and employer interest groups and other approved third parties to send specific information to the TFFR membership using a “blind mailing” method. The information to be mailed and third party organization must be approved by the RIO Deputy Executive Director in advance. Member and employer interest groups include, but are not limited to, North Dakota Council of Educational Leaders (NDCEL), NDEA, NDRTA, and North Dakota School Boards Association (NDSBA).

Under the “blind mailing” method, the third party must submit information or materials they wish to send to TFFR members. The third party must sign an agreement that they will not use the mailing to engage in partisan political activities.

If approved, the third party will forward the materials to an independent mailing company approved by TFFR. The mailing company must sign a “no disclosure” agreement with TFFR.

TFFR will then supply membership mailing information to the mailing company. The mailing company will combine the material from the third party with the mailing list and send to TFFR members. The cost of the mailing will be paid by the third party.

TFFR Board Adopted: July 15, 1999.

Amended: November 15, 2001.

It shall be the policy of the TFFR Board of Trustees to allow members who select the level income retirement option:

1. To level to age 62 or normal retirement age (including any fractional age from age 65 to 67).
2. To combine the level income option with the service retirement options offered (single life annuity, 100 and 50% joint and survivor, 10 and 20 year term certain and life annuity).
3. To reduce a member's retirement benefit the second month following the month the member reaches age 62 or normal retirement age.
4. To apply postretirement legislative benefit increases to the teacher's non-level income monthly retirement benefit.

TFFR Board Adopted: May 29, 1997.

Amended: July 16, 1998; July 24, 2003.

Policy Type: TFFR
Program

Policy Title: Military Service Credit

It shall be the policy of the TFFR Board of Trustees that a teacher purchasing military service be credited with a full year of credit if the service was rendered for at least 175 school days or a period of nine months within any fiscal year.

TFFR Board Adopted: December 5, 1980.

Amended: July 16, 1998.

Policy Type: TFFR
Program

Policy Title: Outreach Program Facilities

It shall be the policy of the TFFR Board of Trustees that school district facilities used for TFFR outreach programs must meet ADA requirements. In addition, authorized school district employees must be present to direct guests to the proper meeting room and lock the building at the close of the program. RIO employees who are conducting outreach programs for TFFR members are not allowed to be in school district buildings without the presence of an administrator, teacher, or other authorized school district employee.

RIO staff will not be able to conduct outreach programs at that site if the above conditions are not met.

TFFR Board Adopted: April 22, 1999.

It shall be the policy of the TFFR Board of Trustees to distribute payments for benefit claims (annuities, refunds/rollovers) once per month. Distributions will be mailed on the last working day of the previous month payable on the first working day of each month.

In order for a teacher to assure receipt of a benefit payment on the first working day of the month, the required information and forms must be filed with the administrative office at least ten working days prior to the distribution date.

The Deputy Executive Director/Retirement Officer may authorize special payments to pay benefit claims due to unforeseen circumstances that delay the processing of the claim.

Payments to a teacher approved for a refund/rollover will include all contributions and interest paid by a teacher for the purchase and repurchase of service credit. This is in addition to the entitled refund of accumulated assessments plus interest. The Deputy Executive Director/Retirement Officer may waive the 120-day waiting period for refunds/rollovers based on necessary documentation. Overpayment of refunds/rollovers resulting from erroneous information reported by an employer will be charged back to the employer.

TFFR Board Adopted: May 27, 1993.

Amended: July 6, 1998; November 18, 1999; September 20, 2007.

Policy Type: TFFR Program

Policy Title: PERS Retirement Plan Election (DPI & CTE)

NDCC 15-39.1-09(3) allows new employees of the Department of Public Instruction (DPI), who are eligible for TFFR coverage and hired after January 6, 2001, excluding the State Superintendent of Public Instruction, to elect to become participating members of ND Public Employees Retirement System (PERS).

NDCC 15-39.1-09(4) allows new employees of the Department of Career and Technical Education (CTE) who are eligible for TFFR coverage and hired after July 1, 2007, to elect to become participating members of PERS>

It is the policy of the TFFR Board of Trustees to allow the PERS retirement plan election by eligible new DPI and CTE employees under the following guidelines:

- 1) Any new employee who is required to participate in TFFR under NDCC 15-39.1-01(11)(b) and who is entered onto the payroll of DPI after January 6, 2001 (except the Superintendent of Public Instruction), or CTE after July 1, 2007, is eligible to make the election to become a participating member of NDPERS.
- 2) If eligible, the new employee must complete the “NDPERS/TFFR Membership Election” form within ninety days of hire. Until this election is made, the employee will be enrolled in the NDPERS retirement plan. If no election is made, the employee will be transferred to TFFR.
- 3) If the new employee is a former DPI employee or is retired from DPI and receiving TFFR benefits, the employee must have a one-year break in service to be eligible to elect participation in PERS. If the new employee is a former CTE employee or is retired from CTE and receiving TFFR benefits, the employee must have a one-year break in service to elect participation into PERS.
- 4) If the new employee is a TFFR retiree (but not a former DPI or CTE employee), the retiree may elect participation in PERS upon date of hire. The retiree is not subject to the one-year waiting period and is not subject to the TFFR retiree annual hours limit.

TFFR Board Adopted: January 25, 2001.

TFFR Board Amended: September 20, 2007.

It is the policy of the TFFR Board of Trustees that new retirees will have their initial retirement benefit payment calculated using either estimated or final salary and service credit information:

- Estimated salary and service credit information

The member's initial retirement benefit is calculated using 90% of the estimated current year salary for final average salary calculation purposes. If the final information reported by the employer is different than the estimated information, the member's monthly retirement benefit will be adjusted retroactive to the member's retirement date. Using estimated information allows a member to begin receiving retirement benefits sooner, but results in correction of benefits at a later date retroactive to the member's retirement date.

- Finalized salary and service credit information

The member's retirement benefit is calculated using a finalized current year salary and service credit information. After salary, service credit, and last date of employment are reported by the employer and verified by TFFR, the member's retirement benefit is calculated and claim is processed. Using finalized information delays a member's first retirement benefit payment, but when payment is made, it is retroactive to the member's retirement date.

Under all circumstances, if any change or error in the records of TFFR or a participating employer or if any calculation results in a member receiving more or less in benefits than the member is entitled to receive, TFFR will correct the error and adjust the benefit (NDCC 15-39.1-31 and 32).

TFFR Board Adopted: March 15, 2007.

Policy Type: TFFR
Program

Policy Title: TIAA-CREF Offset Calculation

It shall be the policy of the TFFR Board of Trustees to calculate the TIAA-CREF offset for teachers selecting the 1975 Alternative C Formula for retirement benefits.

It is the responsibility of the teacher to provide the administrative office with information relating to the teacher's retirement date and contribution levels to TIAA and/or CREF on an official agency form. Based on the data provided, the administrative office will request a calculation of certified benefits from TIAA-CREF.

The teacher's retirement benefit as certified by TIAA-CREF will be used as the offsetting amount when calculating the TFFR retirement benefit.

This policy relates to a closed group of college teachers participating in TFFR. The policy shall cease upon retirement of the last participant in the group.

TFFR Board Adopted: January 9, 1976.

Amended: May 27, 1993.

Policy Type: TFFR
Program

Policy Title: Travel

It is the policy of the TFFR Board of Trustees that the Board President is authorized, in consultation with the RIO Deputy Executive Director, to grant approval for travel outside of the continental United States by TFFR board members and to keep the board informed on travel requests.

TFFR Board Adopted: September 27, 2001.

Policy Type: TFFR
Program

Policy Title: Voiding Checks

It shall be the policy of the TFFR Board of Trustees to void any uncashed benefit checks for the payment of retirement, disability, survivor, and refund benefits after six months. Should the payee request payment after six months, the RIO will re-issue a check, but without additional interest.

TFFR Board Adopted: November 21, 1996.

Amended: July 16, 1998.

D. By-Laws

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TFFR Board Adopted: May 25, 1995.

Amended: August 21, 1997; November 18, 1999; September 20, 2007;
September 25, 2008.

Chapter 1 – Authority

Section 1-1. The Board of Trustees, hereafter referred to as “board,” has the authority to set policy for the Teachers’ Fund for Retirement (TFFR) under North Dakota Century Code (NDCC), sections 15-39.1-05.1, 15-39.1-05.2, 15-39.1-06, 15-39.1-07, and 15-39.1-08.

1-1-1. NDCC, section 15-39.1-05.1 states:

- a. “The governor shall appoint, from a list of three nominees submitted to the governor by the North Dakota education association, two board members who are actively employed in full-time positions not classified as school administrators. A board member appointed under this subdivision who terminates employment may not continue to serve as a member of the board.
- b. The governor shall appoint, from a list of three nominees submitted to the governor by the North Dakota council of educational leaders, one board member who is actively employed as a full-time school administrator. A board member appointed under this subdivision who terminates employment may not continue to serve as a member of the board.
- c. The governor shall appoint, from a list of three nominees submitted to the governor by the North Dakota retired teachers association, two board members who are the retired members of the fund.
- d. The state treasurer and the superintendent of public instruction.”

1-1-2. NDCC, section 15-39.1-05.2 states, “The board:

1. Has the powers and privileges of a corporation, including the right to sue and be sued in its own name. The venue of all actions to which the board is a party must be Burleigh County.
2. Shall establish investment policy for the trust fund under section 21-10-02.1. The investment policy must include:
 - a. Acceptable rates of return, liquidity, and levels of risk; and
 - b. Long-range asset allocation targets.

Chapter 1 – Authority (continued)

3. Shall arrange for actuarial and medical consultants. The board shall cause a qualified, competent actuary to be retained on a consulting basis. The actuary shall:
 - a. Make a valuation of the liabilities and reserves of the fund and a determination of the contributions required by the fund to discharge its liabilities and pay administrative costs;
 - b. Recommend to the board rates of employer and employee contributions required, based upon the entry age normal cost or other accepted actuarial method, to maintain the fund on an actuarial reserve basis;
 - c. Once every five years make a general investigation of the actuarial experience under the fund including mortality, retirement, employment turnover, and other items required by the board;
 - d. Recommend actuarial tables for use in valuations and in calculating actuarial equivalent values based on the investigation provided for in subdivision c; and
 - e. Perform other duties assigned by the board.
4. May pay benefits and consultant fees as necessary which are hereby appropriated from the fund.
5. Shall submit to the legislative council's employee benefits programs committee any necessary or desirable changes in statutes relating to the administration of the fund.
6. Shall determine appropriate levels of service to be provided to members, including benefits counseling and preretirement programs.
7. Shall, through resolution, inform the state investment board, which is the administrative board of the retirement and investment office, the levels of services, goals, and objectives expected to be provided through the retirement and investment office."

Chapter 1 – Authority (continued)

1-1-3. NDCC, section 15-39.1-06 states, “The board may hold meetings as they may be necessary for the transaction of business and a meeting may be called by the president or any two members of the board upon reasonable notice to the other members of the board.”

1-1-4. NDCC, section 15-39.1-07 states, “...the board may adopt such rules as may be necessary to fulfill the responsibilities of the board.”

Section 1-2. The basis for NDCC, Chapter 15-39.1, can be found in State Law 1971 Chapter 1984.

Section 1-3. The board is responsible for carrying out the provisions of the NDCC, Chapters 15-39, 15-39.1, and 15-39.2.

Chapter 2 – Board of Trustees

- Section 2.1. The board will have general charge of the retirement plan of TFFR, subject to law, administrative rules and regulations, and these by-laws. The board will make such policy as necessary to fulfill this obligation. Policy and program services will be communicated to the State Investment Board by resolution.
- Section 2-2. Vacancies which may occur among the appointed members of the board will be filled by the Governor of the state, and the appointee will complete the term for which the original member was selected.
- Section 2-3. The board will elect its own officers at its first meeting following July 1 of each year.
- Section 2-4. The board will promulgate rules and regulations as prescribed in NDCC, section 28-32-03, for the administration of the retirement plan.
- Section 2-5. The board will select three of its members to serve on the SIB and one member to serve as alternate on the SIB.
- Section 2-6. The board will select three of the members to serve on the TFFR Benefits/Services Committee.
- Section 2-7. The board will develop an annual board calendar which will include board education topics.

Chapter 3 – Officers and Duties

Section 3.1. The officers of the board will be the President, Vice President, Executive Director, and Deputy Executive Director/Retirement Officer. The President and Vice President will be elected by the board immediately following July 1 of each year and will hold office for one year or until their successors are elected and qualified. A vacancy occurring with the President or Vice President will be filled by the board at the first meeting of the board following the vacancy. The Executive Director and Deputy Executive Director/Retirement Officer will not be voting members of the board.

Section 3-2. **President.** The President will preside at all meetings of the board. The President will be an ex officio member of all board committees created from time to time. The President will approve the board meeting agenda, and with the Deputy Executive Director/Retirement Officer and Executive Director execute all instruments required to be executed on behalf of the fund, and will perform such other duties as may be imposed by the board.

Section 3-3. **Vice President.** The Vice President will perform the duties of the President in his/her absence.

Section 3-4. **Executive Director.** The Executive Director will be hired by the SIB, serve in an unclassified position at that board's pleasure, and will be paid such salary as the SIB determines.

3-4-1. The Executive Director oversees planning, supervising, and directing overall RIO programs in accordance with the SIB governance policies and state laws and rules.

3-4-2. The Executive Director administers the investment program of RIO and performs related work as assigned by the SIB.

3-4-3. The Executive Director directs the preparation and execution of the RIO budget and legislative agenda and evaluates and monitors financial and operational programs.

3-4-4. The Executive Director represents RIO, promotes RIO programs, and has the authority and responsibility to carry out the day-to-day administrative duties for RIO.

3-4-5. The Executive Director attends all meetings of the SIB and TFFR Board.

3-4-6. The Executive Director hires the Deputy Executive Director/ Retirement Officer and other staff as necessary to carry out the responsibilities of RIO.

Chapter 3 – Officers and Duties (continued)

Section 3-5. **Deputy Executive Director – Retirement Officer.** The Deputy Executive Director/Retirement Officer will be hired by the Executive Director, serve in an unclassified position at the Executive Director's pleasure, and will be paid such salary as the Executive Director determines.

3-5-1. The Deputy Executive Director/Retirement Officer assists the Executive Director in planning, supervising, and directing overall RIO programs in accordance with the SIB governance policies and state laws and rules and represents the Executive Director in his/her absence.

3-5-2. The Deputy Executive Director/Retirement Officer administers the retirement program in accordance with governing statutes and board policies established by the TFFR board and performs related work as assigned by that board.

3-5-3. The Deputy Executive Director/Retirement Officer develops annual and long-range plans for the board. He/she interprets state and federal law, which governs the retirement program and develops administrative rules, policies, and procedures necessary to administer the program.

3-5-4. The Deputy Executive Director/Retirement Officer represents the TFFR board on retirement program issues.

3-5-5. The Deputy Executive Director/Retirement Officer works as a team with the TFFR board, interest groups, legislative committees, actuarial consultants, legal counsel, and others to administer the retirement program.

3-5-6. The Deputy Executive Director/Retirement Officer assists in the formulation of RIO's budget, including staffing needs, program costs, operating costs, and information technology requirements to assure that retirement program obligations are met.

3-5-7. The Deputy Executive Director - Retirement Officer is the custodian of the books, records, and files of TFFR. He/She will attend all meetings of the TFFR board, is responsible for board meeting minutes, required notices, procedures of the board, and applicable rules and regulations of the fund.

Chapter 3 – Officers and Duties (continued)

3-5-8. The Deputy Executive Director - Retirement Officer will keep a correct roster of the membership of the fund, the salaries paid to each member for service as a teacher, when and what teachers are dropped or withdrawn from the fund, and records of all pensions paid.

3-5-9. The Deputy Executive Director - Retirement Officer will process all applications for claims for payment as allowed under state laws in a timely manner.

Chapter 4 – Meetings

- Section 4-1. Regular meetings of the board to conduct business are to be held as often as necessary. Notice of all meetings will be made in accordance with NDCC, section 44-04-20.
- Section 4-2. Special meetings of the board may be called and held at any time by the President or any two members of the board upon reasonable notice to the other members of the board.
- Section 4-3. An annual financial report for the year ending June 30 will be completed by the board. A copy will be filed with the Governor of the state.
- Section 4-4. A quorum of four will be necessary to express the will or determination of the board.
- Section 4-5. Voting on matters before the board will be by a roll call vote. Four votes are required for resolution or action by the board. The minutes will show the recorded vote of each board member.
- Section 4-6. All meetings of the board are open to the public.
- Section 4-7. A record of proceedings will be kept on all meetings of the board. The record of these proceedings are public documents, and copies will be distributed to the membership or its representatives upon request.
- Section 4-8. Public participation during board meetings will be allowed and will be at the discretion of the board President.
- Section 4-9. Members of the board, excluding ex-officio members, are entitled to receive sixty-two dollars and fifty cents as compensation per day and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09 for attending meetings of the board. No member of the board may lose regular salary, vacation pay, vacation or any personal leave, or be denied the right of attendance by the state or political subdivision thereof while serving on official business of the fund.
- Section 4-10. Board meetings may be attended in person, or by audio or video conference.

Chapter 5 – Committees

Section 5-1. The board will establish one standing committee called the Benefits/Services Committee.

Section 5-2. The purpose of the Benefits/Services Committee is to provide the TFFR board with advice and recommendations on benefits and services to TFFR members. The committee will research issues, offer member and employer input, and makes recommendations to the TFFR board about board goals, their priorities, and future legislation relating to these goals.

Section 5-3. Membership on the Benefits/Services Committee consists of three members selected by the TFFR board, of which one member must serve as chairperson for the committee. The committee will also include one representative from each of the following member and employer interest groups: ND Retired Teachers Association (NDRTA), ND Education Association (NDEA), ND Council of Educational Leaders (NDCEL), ND Schools Boards Association (NDSBA), and ND School Business Managers Association (NDSBMA).

Section 5-4. Committee meetings shall be held as often as necessary. Notice of all meetings will be made in accordance with NDCC, section 44-04-20 and shall be open to the public.

Chapter 6 – Rules of Order

Section 6-1. All TFFR meetings will be conducted in accordance with Robert's Rules of Order Newly Revised, except as superseded by these by-laws, board policies, and state law.

Chapter 7 – Administrative Office

Section 7-1. For the purpose of carrying out the day-to-day business of the Fund, a central administrative office has been established and will be known as the Retirement and Investment Office (RIO).

Section 7-2. The Executive Director is the administrator of the office.

Section 7-3. The Deputy Executive Director/Retirement Officer will represent the Executive Director in his/her absence.

Chapter 8 – Amendments

Section 8-1. These by-laws of the board may be amended from time to time by a vote in which a majority of the members concur on the amendment and said amendment is not in conflict with existing law.

**E. Administrative Code
— Title 82**

82-01 General Administration

82-02 Definitions

82-03 Participation

82-04 Contributions

82-05 Retirement Benefits

- 82-05-01 Procedural Requirements
- 82-05-02 Forms of Benefit Payments
- 82-05-03 Payment of Benefits
- 82-05-04 Actuarial Factors
- 82-05-05 Deferred Retirement Eligibility

82-06 Suspension of Benefits

82-07 Disability Benefits

- 82-07-01 Disability Retirement Eligibility
- 82-07-02 Right to Formal Hearing and Appeal
- 82-07-03 Forms of Disability Benefits
- 82-07-04 Suspension of Disability Benefits

82-08 Qualified Domestic Relations Orders

82-09 Confidentiality of Records (Repealed)

82-10 Right to Formal Hearing and Appeal

F. Century Code

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